

GOV AFFAIRS

GENERAL LEGISLATIVE MATTERS



SCAG 2005 LEGISLATIVE PROGRAM

At its January 6th meeting, the Regional Council approved the SCAG 2005 Legislative Program.

At the core of the 2005 Legislative Program, are SCAG's top legislative priorities which include federal issues such as the reauthorization of TEA-21 and improving the flow of Consolidated Planning Grant (CPG) funds. On the State level, SCAG's priorities include

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For more information about the legislative program, please contact Donald Rhodes, Manager of Public and Government Affairs at 213.236.1840 or rhodes@scag.ca.gov.

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Governor Arnold Schwarzenegger released his proposed FY05-06 budget on Monday, January 10th. The \$109 billion state spending plan is a 4.4% increase from the current fiscal year. In 2005-06, General Fund revenues and transfers are projected to increase from \$78.2 billion to \$83.8 billion while expenditures are proposed to grow by 4.2 percent from \$82.3 billion to \$85.7 billion. The budget proposes to cover the \$1.9 billion gap between revenues and expenditures with \$1.7 billion in proceeds from a new deficit-financing bond sale. Despite a \$5 billion increase in projected tax revenues, California faces an estimated \$8 billion structural budget deficit in FY05-06. To address the shortfall, Governor Schwarzenegger has proposed a combination of borrowing, transfers, and cuts in his FY05-06 Budget.

The Governor proposes a suspension of Proposition 42, the dedication of motor vehicle fuel sales taxes for transportation purposes, reserving \$1.3 billion for General Fund use. Added to previous suspensions, a total of \$3.4 billion have been diverted to the General Fund from Proposition 42's Traffic Congestion Relief Fund (TCRF). The Governor proposes a 15-year repayment of these funds beginning in 2007. The Governor proposes a constitutional amendment starting in FY07-08 to eliminate the ability to borrow Proposition 42 funds.

The Budget contains other reductions in the area of transportation beyond the Proposition 42 suspension. Indian gaming revenues, allocated to transportation in the FY04-05 Budget and estimated at \$1.2 billion, will be available in FY05-06 only if pending litigation is resolved. Furthermore, the spillover of sales tax to the Public Transportation Account for transit is suspended at a cost of \$216 million.

The Governor proposes a new program in the Budget called "GoCalifornia," to be unveiled in the spring. GoCalifornia is broadly defined as a comprehensive 10-year strategy for transportation improvements covering all modes of transportation and connecting transportation to housing. A key component of GoCalifornia is project delivery efficiency, including performance improvements at Caltrans and alternative procurement systems, such as design-build and design-sequencing. Those concepts, as well as GoCalifornia's emphasis on public-private partnerships, are key components of the adopted 2004 Regional Transportation Plan.

The proposed budget also has several implications for local government finance and housing needs and planning. First, consistent with Proposition 1A passed by voters in November 2004, local governments will contribute \$1.3 billion in property tax shifts. The budget also proposes to reduce grants to counties for property tax administration by \$5.7 million. The Governor proposes a suspension of most mandates in 2005-06, for a savings of \$250 million. The Regional Housing Needs Assessment (RHNA) mandate is unfunded in the budget proposal and the Governor has indicated plans to seek reform to "onerous regulatory and planning laws" to promote home building and accountability for housing production while requiring less paperwork for local governments. The proposal stipulates that each local government "should plan for and be prepared to accommodate its own natural population increase and workforce."

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LOBBYISTS' UPDATE

SCAG PROGRAM

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redefining the local and regional responsibilities in implementing state housing goals, advocating a constitutional amendment to protect Proposition 42 revenues from reallocation to the state's General Fund and design-build and design-sequencing legislation to expedite project delivery.

From the C2 Group

Congress returned from its winter break on January 4th to reorganize for the 109th session, which began in earnest on January 24th. The Transportation reauthorization bill will be one of the major items for Congress as it begins the next session. House members are required to resubmit their project requests by early February and the House Transportation and Infrastructure Committee is expected to mark up the bill in March. The House T & I Committee saw relatively low turnover in membership. In fact, only one member of the House transportation leadership has changed with the departure of Rep. William Lipinski (D-IL), who was the ranking Democrat on the House Highways, Transit and Pipelines Subcommittee. Although action is not final, it appears that Rep. Peter DeFazio (D-OR) will move from ranking member on the Aviation Subcommittee to the Highway and Transit Subcommittee. Representatives Gary Miller, Bob Filner and Juanita Millender-McDonald from the SCAG region remain on the House T&I Committee.

On the Senate side, Senator Max Baucus (D-MT) will take over for Senator Harry Reid (D-NV) as the ranking member on the Transportation and Infrastructure Subcommittee of the Senate Environment and Public Works (EPW) Committee. Senator Reid gave up his chairmanship to take over as Senate Minority Leader. Senator Barbara Boxer (D-CA) remains on the T&I Subcommittee of the EPW Committee. There are six new members (four Republicans and two Democrats) of the EPW Committee: Wayne Allard (R-CO), Michael Crapo (R-ID), Craig Thomas (R-WY), John Cornyn (R-TX), Barack Obama (D-IL) and Frank Lautenberg (D-NJ).

Congressman Jerry Lewis was named chair of the House Appropriations Committee on January 6th. Lewis represents the 41st Congressional District, including much of San Bernardino County and a portion of Riverside County. Lewis also serves on the Transportation and Treasury Appropriations Subcommittee. Congress will begin its annual appropriations process after the President submits his budget on February 7th. The House will then begin hearings sometime in March. Member request deadlines will vary within offices and by Committee but in the past most will require submittal by the end of February.

From Bauer Government Relations

The Legislature has reconvened to begin work for the 2005-06 Legislative Session. The Governor released his proposed budget January 10th. There is a wealth of information provided about the budget, most of it very bad for transportation funding, including the suspension of Proposition 42. Since the release of the proposed budget SCAG has held meetings with the Director of the Department of Finance, Tom Campbell, to discuss the impact of the Governor's Budget on transportation projects in our region. However there is a tremendous amount of interest and momentum building for the goods movement issue.

Several meeting have been held with leaders in Sacramento to promote the movement of goods while protecting the Region's air quality. There are tremendous economic opportunities within the logistics industry. We met with California Highway Patrol Commissioner Mike Brown, Senator Alan Lowenthal, and Assemblymember Jenny Oropeza to share with them the global importance of goods movement, the opportunities to alleviate congestion and improve air quality.

State leaders will likely introduce legislation to promote goods movement. The Governor, in his budget proposal, announced the "GoCalifornia" initiative, which is intended to spur development of public private partnerships to enhance the movement of goods. We are actively working with all of the interested parties to help implement this program.

